

SENATE BILL No. 502

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5.

Synopsis: State gross retail tax. Specifies that the double direct test for the gross retail tax exemption for agricultural machinery, tools, and equipment applies to agricultural machinery, tools, and equipment acquired for the direct use in the direct production of timber harvesting.

Effective: July 1, 2015.

Messmer

January 14, 2015, read first time and referred to Committee on Tax & Fiscal Policy.



First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 502

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-2.5-4-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. (a) A person is a
3 retail merchant making a retail transaction when ~~he~~ **the person** is
4 making wholesale sales.
5 (b) For purposes of this section, a person is making wholesale sales
6 when ~~he~~ **the person**:
7 (1) sells tangible personal property, other than capital assets or
8 depreciable property, to a person who purchases the property for
9 the purpose of reselling it without changing its form;
10 (2) sells tangible personal property to a person who purchases the
11 property for direct consumption as a material in the direct
12 production of other tangible personal property produced by the
13 person in ~~his~~ **the person's** business of manufacturing, processing,
14 refining, repairing, mining, agriculture, ~~or~~ horticulture, ~~or~~ **timber**
15 **harvesting**;
16 (3) sells tangible personal property to a person who purchases the



property for incorporation as a material or integral part of tangible personal property produced by the person in ~~his~~ **the person's** business of manufacturing, assembling, constructing, refining, or processing;

(4) sells drugs, medical or dental preparations, or other similar materials to a person who purchases the materials for direct consumption in professional use by a physician, hospital, embalmer, funeral director, or tonsorial parlor;

(5) sells tangible personal property to a person who purchases the property for direct consumption in ~~his~~ **the person's** business of industrial cleaning; or

(6) sells tangible personal property to a person who purchases the property for direct consumption in the person's business in the direct rendering of public utility service.

(c) Notwithstanding any provision of this article, a person is not making a retail transaction when ~~he~~ **the person**:

(1) acquires tangible personal property owned by another person;

(2) provides industrial processing or servicing, including enameling or plating, on the property; and

(3) transfers the property back to the owner to be sold by that owner either in the same form or as a part of other tangible personal property produced by that owner in ~~his~~ **the owner's** business of manufacturing, assembling, constructing, refining, or processing.

SECTION 2. IC 6-2.5-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. (a) Transactions involving agricultural machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for ~~his~~ **the person's** direct use in the direct production, extraction, harvesting, or processing of agricultural commodities, **including timber harvesting.**

(b) Transactions involving agricultural machinery or equipment are exempt from the state gross retail tax if:

(1) the person acquiring the property acquires it for use in conjunction with the production of food and food ingredients or commodities for sale;

(2) the person acquiring the property is occupationally engaged in the production of food or commodities which ~~he~~ **the person** sells for human or animal consumption or uses for further food and food ingredients or commodity production; and

(3) the machinery or equipment is designed for use in gathering, moving, or spreading animal waste.



1 SECTION 3. IC 6-2.5-5-5.1, AS AMENDED BY P.L.137-2012,
2 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 5.1. (a) As used in this section, "tangible personal
4 property" includes electrical energy, natural or artificial gas, water,
5 steam, and steam heat.

6 (b) Transactions involving tangible personal property are exempt
7 from the state gross retail tax if the person acquiring the property
8 acquires it for direct consumption as a material to be consumed in the
9 direct production of other tangible personal property in the person's
10 business of manufacturing, processing, refining, repairing, mining,
11 agriculture, horticulture, floriculture, ~~or~~ arboriculture, **or timber**
12 **harvesting**. This exemption includes transactions involving
13 acquisitions of tangible personal property used in commercial printing.

14 (c) A refund claim based on the exemption provided by this section
15 for electrical energy, natural or artificial gas, water, steam, and steam
16 heat may not cover transactions that occur more than thirty-six (36)
17 months before the date of the refund claim.

